SECURITIES, ASSET MANAGEMENT AND BANKING ROUNDTABLE
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MODERATOR: Emily Altman, Morgan Stanley

PANELISTS: Cory Strupp, Bankers Association for Finance & Trade
Peter Bass, Goldman Sachs

RAPPORTEUR: Whit Warthin, US Department of Treasury

Panelists expressed very strong interest in obtaining expanded commitments across all modes and subsectors complemented by strong commitments on regulatory transparency.

Countries cited where expanded commitments are especially important were: Brazil, China, Thailand, Korea, India, and South Africa.

In terms of the types of barriers that received most attention, mode 3 was cited as being at the core of most companies' business models. The traditional market access barriers to commercial presence remain important, e.g., equity caps, restrictions on legal form, discriminatory scope of business limits, economic needs tests, product restrictions. National treatment issues were raised in particular by asset managers.

The panelists observed, though, that cross-border delivery of financial services is increasingly important to the financial services, whether as the primary means of delivery from hub operations, as or as additional support for an affiliate in a foreign country. In addition, mode 4 delivery of financial services is increasingly critical and limitations on that mode increasingly burdensome. More and more, financial transactions and projects or sets of transactions require elements of all four modes for their completion. As a result, while there was some difference of opinion as to the extent to which regulatory issues should be addressed in the WTO, the panelists said that despite the regulatory and political difficulties attendant on obtaining such commitments, selected expanded commitments in cross-border and Mode 4 should be sought.

Several participants stressed that in many markets regulatory issues, including transparency and capital requirements, can be even more important impediments to doing business than formal market access barriers. Examples include not being able to delegate functions to offshore affiliates, being subject to multiple regulators, not being apprised of the criteria or process for issuance of licenses, lack of prompt decisions on applications or an appeals process, lack of prior notice and comment procedures on proposed new regulations. Regulatory problems can become especially important in the more developed markets, where there generally are few market access barriers in place. Many participants agreed that regulator to regulator initiatives are critical to resolving regulatory issues and preventing regulatory disputes and that WTO commitments are a long-term supplement to, and not a substitute for, such ongoing inter-regulator dialogues.